



FHA INFO 2023-94

November 16, 2023

FHA Seeks Further Feedback on New Loss Mitigation Option: Payment Supplement

Today, the Federal Housing Administration (FHA) posted a draft Mortgagee Letter (ML), *Payment Supplement*, on its [Single Family Housing Drafting Table](#) (Drafting Table) web page for public feedback. This draft ML takes into consideration comments received on a prior draft ML announced in [FHA INFO 2023-44](#) and makes substantive operational changes to the prior version as a result of that feedback. Due to the changes made to the ML, FHA is seeking additional feedback on the revised draft.

If adopted, the ML would create a new loss mitigation option that would help more borrowers avoid foreclosure and retain their homes. Specifically, the Payment Supplement would require servicers to apply partial claim funds to cure the Borrower's arrearages and then to administer a Payment Supplement Account from which the Mortgagee will pay a portion of the borrower's monthly mortgage payment for a term of three years.

Interested stakeholders are encouraged to thoroughly review the draft ML and provide feedback through December 7, 2023. Instructions for viewing the draft ML and providing feedback are available on the [Drafting Table](#). FHA will carefully consider all feedback received before publishing a final ML.

As a result of industry feedback on the prior draft of the ML, FHA is in the process of developing drafts of model consumer disclosures regarding the Payment Supplement described in the ML. FHA will post those on the Drafting Table for industry feedback soon and will be communicated through FHA INFO when they are available.

As a reminder, this draft ML is not official Departmental policy and cannot be used in connection with any FHA-insured mortgage. FHA's existing policies remain in effect until amended upon publication of a final ML on HUD's website.

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